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FISCAL IMPACT STATEMENT

LS 6965

BILL NUMBER: SB 249

NOTE PREPARED: Feb 18, 2010

BILL AMENDED: Feb 15, 2010

SUBJECT: Redevelopment and military base reuse authorities.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR: Rep. Grubb

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) *Redevelopment Authority:* This bill adds expenditures that benefit local public improvements or structures as allowable expenditures by a redevelopment authority and for which a redevelopment authority may reimburse any other governmental body if the improvements or structures serve or benefit the authority's allocation area. The bill also removes the restriction on using the redevelopment authority's allocation fund for operating expenses of the redevelopment authority.

MBRA: The bill provides that expenses may be incurred by a military base reuse authority (MBRA), any other department of the unit, or a department of another governmental entity for local public improvements or structures that are in the allocation area or directly serving or benefitting the allocation area, including expenses for the operation and maintenance of these local public improvements or structures if the authority determines those operation and maintenance expenses are necessary or desirable to carry out the purposes of the authority. This bill provides that the allocation fund may not otherwise be used for operating expenses of the reuse authority.

Utilities: This bill provides that a MBRA that owns or acquires a public utility to provide water service or sewage disposal service has all the powers and duties of a municipal board and municipal legislative body with respect to the operation of a municipal water utility or municipal sewage works.

Economic Improvement Districts: The bill provides that a petition to establish an economic improvement district (EID) must contain signatures from: (1) a majority of the owners of real property in the proposed EID; and (2) the owners of real property constituting more than 50% of the assessed valuation in the proposed EID. (Current law requires the signatures of: (1) a majority of the owners of real property in the proposed EID; and (2) the owners of real property constituting at least 66 2/3% of the assessed valuation in

the proposed EID.)

Effective Date: (Amended) Upon passage; July 1, 2010.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Redevelopment Authority:* This provision applies to redevelopment authority activities only as they relate to former military bases. Under current law, a redevelopment authority may reimburse another governmental body from a TIF allocation fund for expenditures made for local public improvements or structures in or serving or benefitting the allocation area. This bill would also permit reimbursements for expenditures that *benefit* those local public improvements or structures.

Under the current law, money in a TIF allocation fund may not be used for operating expenses of the redevelopment authority. This provision would allow operating expenses to be paid from the fund.

These provisions would expand the possible use of existing funds.

MBRA: Under current law, a reuse authority may pay for expenses incurred only by the reuse authority for local public improvements or structures in or serving or benefitting the allocation area. This bill would also permit reimbursements for the operation and maintenance of the improvements or structures. In addition, this provision would allow these reimbursements to be made to another department of the unit or to another governmental entity for the same type of expenses. This provision would expand the possible use of existing funds.

Utilities: Under this provision, a MBRA that owns a water or sewage disposal utility would run the utility as if the reuse authority were a municipality. All statutes regarding municipal utilities would apply including those regarding employment, contracts, user fees and rates, construction, and bonding.

(Revised) *Economic Improvement Districts:* Under current law, an economic improvement district (EID) may be formed by a county or municipality if a petition is signed by (1) a majority of the real property owners in the proposed district; and (2) the owners of at least 2/3 of the non-exempt assessed value in the proposed district. All real property owners in an EID, except those entities that are exempt from property taxation, must pay a special assessment that is used to fund improvements in the district. The district may also exempt for one year a business that is established after creation of the district.

Currently, EID projects may include the following:

- 1) Planning or managing development or improvement activities;
- 2) Designing, landscaping, beautifying, constructing, or maintaining public areas;
- 3) Promoting commercial activity or public events;
- 4) Supporting business recruitment and development;
- 5) Providing security for public areas;
- 6) Acquiring, constructing, or maintaining parking facilities; and
- 7) Constructing, rehabilitating, or repairing residential property.

This bill would change the number of required petition signatures to establish an EID from the owners of at

least 2/3 of the non-exempt AV to the owners of more than 50% of the non-exempt AV (plus a majority of the real property owners in the proposed district). More petitions for EIDs could be brought before the county legislative body as a result of the lower number of petition signatures that would be required. Any further action to establish a EID would depend on actions taken by the county legislative body.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local redevelopment commissions and military base reuse commissions.

Information Sources:

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